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Airbnb During the Covid Pandemic: Stakeholder Capitalism Faces a Critical Test

A company's purpose is to advance its vision, and since a vision is a mountaintop you never quite get to, you should have an infinite time horizon

— Advice given to Airbnb CEO Brian Chesky[1]

In late April 2020, just over a month after the World Health Organization declared the novel coronavirus disease COVID-19 a pandemic,[2] government-issued travel restrictions aimed at slowing the virus's spread caused global travel to decline precipitously. In response, Airbnb CEO Brian Chesky and his leadership team enacted measures to address travelers' concerns and reduce the company's cost structure in an attempt to withstand the downturn and the growing uncertainty.[3] At the same time, the San Francisco-based company transitioned to remote work in keeping with the region's shelter-in-place mandate.[4]

Prior to the pandemic, Airbnb had been on an explosive growth path. Founded in 2008 as a platform for homeowners to rent spare space in their houses, Airbnb had disrupted the hotel industry and become one of the country's most valuable "unicorns" (i.e., companies worth more than $1 billion).[5] Hosts had welcomed hundreds of millions of guests over the years and revenue had increased by 30% in 2019 to almost $5 billion.[6] By the spring of 2020, Airbnb featured home and *Experience* listings in over 100,000 cities across 200 countries, and the company planned to go public later in the year.[7]

Chesky dubbed Airbnb a company for the 21st-century, one that would have an infinite horizon, improve society, and serve all of its stakeholders including guests, hosts, employees, communities, and shareholders.[8] Yet the pandemic was suddenly testing his vision. It was unclear how long the pandemic would last, with some predicting that it would be several years before vaccines would permit a return to normal life where people felt comfortable travelling once again.[9] While the company had quickly raised $2 billion of cash, which gave it some protection against short-term losses,[10] the leadership team would have to navigate the crisis in a way that was consistent with the company's mission and values. As Chesky prepared to log into his nightly Zoom meeting with cofounders Joe Gebbia and Nathan Blecharczyk, a ritual the trio had established at the start of the pandemic,[11] the discussion would invariably focus on how to balance the needs of the company's various stakeholders while at the same time ensuring it would survive what appeared to be worst economic crisis in 100 years.

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Company History

Chesky and Gebbia, two college friends from the Rhode Island School of Design, were unemployed and struggling to pay their San Francisco rent in early 2007. Gebbia half-jokingly pitched the idea of making a few bucks by renting out air mattresses to designers who would be in town for a conference at a time when hotel rooms were in short supply and costly. [12] They succeeded in attracting three guests at $20 per night and treated them like old friends from out of town.[13] Right from the start, providing warm hospitality and sharing unique experiences were part of the vision.[14] (**Exhibit 1** shows the first hosts, Brian Chesky and Joe Gebbia.)

Chesky and Gebbia began working with their friend Blecharczyk, a software engineer, to develop the concept. Initially, the most critical task was to make travelers feel comfortable staying in a stranger's home. After some fits and starts, the trio launched the business airbedandbreakfast.com during the 2008 Democratic National Convention, where hotel rooms were once again in short supply. A marketing stunt selling boxed cereals called *Obama O's* and *Cap'n McCain's* on the streets netted them $30,000 and caught the attention of Paul Graham, founder of Y Combinator, who invited them to participate in the well-known accelerator program. Despite their best efforts to raise money, venture capitalists were skeptical of the idea. Only after they reached 2,500 listings and 10,000 registered users in 2009 did Sequoia Capital agree to invest $600,000 of seed capital in the growing venture.[15]

The founders used the money to enhance the website and develop relationships with hosts. Over time, they established trust between the parties on the platform by building guest and host profiles, enabling two-way reviews, and offering secure payments.[16] To demonstrate the concept, the founders themselves became users of this type of travel experience. In fact, Chesky resided almost exclusively with Airbnb hosts for most of 2010.[17] Gradually, the concept evolved from hosts renting bedrooms, to sharing their houses, to eventually renting entire houses when they were not present.

From 2010 to 2011, bookings on Airbnb increased by 800% and the company hit the milestone of 1 million nights rented in 89 countries.[18] By this time, rental properties included everything from shared bedrooms and full houses to treehouses and castles. A second round of fundraising in 2011 valued the company at $1 billion, making it Silicon Valley's newest unicorn.[19] That same year, the company acquired German home sharing site, Accoleo, to expand its international presence.[20] The company further expanded international operations to accommodate the 2012 Olympics in London. By then, the business model was well established, and creating value for both hosts and guests alike. Airbnb charged both guests and hosts fees totaling 15% of the nightly rental rate for making the connection. (**Exhibit 2** shows the economics of the Airbnb business model.)

Challenges and Backlash Emerge

Despite the model's appeal, there were problems. Some hosts suffered losses when guests damaged their houses, while some guests reported problems ranging from misrepresentation of rental properties on the web site to physical assaults. Other people complained that short-term rentals were making it difficult to find long-term rentals in many cities. Over time, more and more people were buying properties as investments rather than homes. One study estimated the number of professionally managed properties available on the site was growing by more than 35% annually.[21] Others cited a "hollowing out" of their neighborhoods as noisy, sometimes drunken visitors left trash on the streets as they rushed off to parties or to visit the next site on their itineraries.[22]

Amidst concerns of rising urban inequality and gentrification, several cities attempted to restrain Airbnb's activities and growth starting in 2015. London, for example, launched a mandatory cap of 90-

nights per year for short-term rentals.[23] A 2015 San Francisco ballot measure, known informally as the "Airbnb Initiative" sought to cap private rentals at 75 days per year and impose hotel taxes on rentals. (citizens rejected the measure by a 55% to 45% vote.[24]) In 2016, New York State regulators succeeded in imposing fines ranging from $1,000 to $7,500 to anyone advertising certain types of apartments for rental periods of fewer than 30 days unless the owners were present.[25] In response to the growing criticism and increasing number of regulatory proposals, Airbnb launched a "Community Compact" in which it offered to help local governments formulate regulations around short-term rentals. One example was the sharing of anonymized data on host and guest trends in their city as a way to quantify the impact on local rental housing stock and neighborhood traffic.[26]

Critics alleged that Airbnb operated as a *de facto* hotel chain and should, therefore, be subject to taxation like the rest of the hospitality industry. Said one critic, "They want to be a company that operates in the space of the really large hotel chains, and yet claim to not be a hotel chain. I don't think you can have it both ways."[27] The company stated that it wanted to be "a good partner to the places in which our hosts live...We have already collaborated and worked with over 500 governments to help hosts share their homes and follow the rules."[28] Eventually the company formulated agreements with cities around the world, and collected $2 billion of occupancy taxes in 2019 alone.[29]

Ten years after its founding, Airbnb had become a beloved brand, a classic disrupter, and a prime example of the "sharing economy."[30] Yet critics remained vocal. One tenant advocate called the company a cancer.[31] Others complained about safety concerns and alleged there was rampant racial discrimination on the platform.[32] And still others accused the company's founders of seizing "the tremendous opportunities before them with steely determination, pausing just long enough to turn around and repair some of the carnage they left in their wake."[33] In response, Airbnb typically followed up with messages conveying their actions to address the concerns such as establishing a hotline for guests and hiring a leader of diversity and belonging to address charges of discrimination. These moves signaled an attempt to live up to the company's slogan: "Airbnb for everyone."[34]

Acquisitions and Growth of the Experiences Market

Chesky and his cofounders defined the idea at the core of Airbnb as the universal human desire for *belonging*.[35] The idea was to create a world where people could enjoy personal bonds that gave them a sense of being known and loved.[36] Airbnb represented a break from the transactional nature of traditional travel in favor of a new model based on connection and community.[37] Chesky said:

> People are fundamentally good, and we are 99% the same. If people are good and mostly the same, then we should be able to offer more than people sleeping in one another's homes. We imagine a world where every one of us can belong anywhere…Where every city is a village, every block a community, and every kitchen table a conversation. In this world, we can be anything we want. This is the magical world of Airbnb. We will probably never fully realize this vision, but we will die trying.[38]

In this spirit, Airbnb evolved from a home sharing platform to an end-to-end travel company. To expand the opportunity for travelers to make local connections, the company launched *Airbnb Experiences* in 2016, a feature that allowed homeowners to offer unique, one-of-a-kind activities in their neighborhoods. Examples included pasta-making classes in Rome and graffiti art tours in Brooklyn, NY. Three years later, the company expanded its *Experiences* feature to include *Airbnb Adventures*, trips organized by hosts for up to 12 guests that lasted several days. Examples included a 6-day, slow food safari in the Galapagos where visitors dined on fish they caught and sustainable produce they

harvested; or a multi-day rainforest ecology trek around Bali where visitors canoed and hiked with local hosts. Through such trips, the company capitalized on the growing interest in adventure travel.[39]

By March 2019, the site featured 6 million rental listings—more than the number of total rooms available at the top six hotel groups—and had logged more than 500 million guest arrivals at Airbnb properties.[40] The number of new hosts was growing rapidly as part of a virtuous cycle whereby guests became hosts: 23% of hosts that signed up in 2019 had previously been guests and 69% of revenue in 2019 was generated by repeat guests.[41] The company believed that future growth would come from increasing the number of hosts and guests, international expansion, and innovation on the platform.[42] Despite the revenue growth—revenues reached $4.8 billion in 2019—expenses were also growing rapidly which led to a loss of $674 million. **Exhibits 3A, 3B and 3C** provide data on Airbnb's income statement, balance sheet, and cash flow, respectively.

By the end of 2019, Airbnb had raised $4.4 billion in funding. Amid a wave of successful tech-company IPOs,[a] the company announced plans to go public sometime during 2020.[43] Employees with options due to expire in 2020 welcomed the news, as did investors hoping to capitalize on the idea.[44] The company, with a total addressable market (TAM) of $3.4 trillion ($1.8 trillion for short-term stays, $1.2 trillion for long-term stays, and $0.4 trillion for *Experiences*), had an expected value of $40 billion.[45] While other accommodation sharing platforms had emerged, the term "Airbnb" was now being used generically to describe this new kind of travel, and the company's familiar 'belo' logo (a symbol of belonging) was widely recognized around the world.

The company's 6,000 employees dubbed themselves the "airfam," a portmanteau of "Airbnb" and "family"[46] while the leadership team described the culture as optimistic, creative, and positioned at the intersection of art and science.[47] They commented, "[W]e believe that whatever we want to happen outside the walls of Airbnb should first start inside Airbnb. This starts with our own employees. In this way, our culture is the source of all future innovation, and a North Star for how people in our community should treat each other."[48]

Shareholder versus Stakeholder Value in the Business Community

The notion of shareholder primacy had been the dominant perspective in corporate governance for almost 100 years. Adolf Berle and Gardiner Means stated that "shareholders are the corporation's true owners" in their book *The Modern Corporation and Private Property* which was published in 1932.[49] The idea was that companies should be run to meet shareholder (equity holder) objectives. This concept gained traction when Nobel-prize winning economist Milton Friedman published a widely-read article in the *New York Times* in 1970 arguing that, "Corporations have no higher purpose than maximizing profits for their shareholders."[50] Friedman elaborated his notion of leadership obligations:

> In a free-enterprise, private-property system, a corporate executive is an employee of the owners of the business…That responsibility is to conduct the business in accordance with their desires...in his capacity as a corporate executive, the manager is the agent of the individuals who own the corporation...and his primary responsibility is to them.[51]

The practical implication of these arguments was that strong financial performance, as measured by shareholder returns, should be the corporation's primary objective. The interests of other stakeholders were characterized as "derivative to the duty to stockholders."[52] This shareholder value model would persist for the next several decades.[53] For example, The Business Roundtable, a

[a] Zoom (April), Slack (April), Pinterest (April), and Medallia (July) all went public in the first half of 2019.

Washington DC-based association of corporate CEOs, released a statement in 1997 that read: "the principal objective of a business enterprise is to generate economic return to its owners."[54] By this time, shareholder value maximization (SVM) was widely accepted and taught in most business schools.

Origins of the Stakeholder Model

Despite the general acceptance of the shareholder model, there was an emerging debate around whether corporations ought to have a broader mandate that included relevant *stakeholders* as well as shareholders.[55] The "stakeholder theory" of management was developed by Professor Klaus Schwab in the early 1970s and served as the founding credo for the World Economic Forum (WEF), an annual conference for business executives, government officials, and academics held annually in Davos, Switzerland.[56] In 1973, the WEF drafted the *Davos Manifesto*, which proclaimed: "The purpose of professional management is to serve clients, shareholders, workers and employees, as well as societies, and to harmonize the different interests of the stakeholders."[57]

Despite growing support for the stakeholder model, advocates of the shareholder model remained vocal. For example, Harvard Business School Professor Michael Jensen noted in 2001 that it would be "logically impossible to maximize in more than one dimension at the same time."[58] He argued:

> [S]takeholder theory should not be viewed as a legitimate contender to value maximization because it fails to provide a *complete* specification of the corporate purpose or objective function…Without the clarity of mission provided by a single-valued objective function, companies embracing stakeholder theory will experience managerial confusion, conflict, inefficiency, and perhaps even competitive failure.[59]

Nearly twenty years later, in 2018, a new and active debate began when Blackrock CEO Larry Fink advocated the stakeholder model in his annual letter to CEOs—Blackrock was the world's largest asset manager at the time with $6 trillion under management. He argued, "To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society. Companies must benefit all of their stakeholders, including shareholders, employees, customers, and the communities in which they operate."[60]

The following year, in a dramatic reversal, The Business Roundtable, released a revised *Statement on the Purpose of a Corporation*. Signed by 181 CEOs, the statement argued for a new business model with stakeholders at the center. The appropriate long-term goal for a corporation was shared prosperity for <u>both</u> business and society.[61] Specifically, the statement committed signatories to deliver value to customers; invest in employees; deal fairly and ethically with suppliers; support local communities; and generate long-term value for shareholders.[62] The statement closed by noting, "Each of our stakeholders is essential. We commit to deliver value to all of them, for the future success of our companies, our communities, and our country."[63] JP Morgan CEO and Business Roundtable Chairman Jamie Dimon stated, "Major employers are investing in their workers and communities because they know it is the only way to be successful over the long term. These modernized principles reflect the business community's unwavering commitment to continue to push for an economy that serves all Americans."[64]

In December 2019, the WEF adopted the stakeholder model and revised its *Manifesto* accordingly. The new version stated: "The purpose of a company is to engage all its stakeholders in shared and sustained value creation. In creating such value, a company serves not only its shareholders, but all its stakeholders—employees, customers, suppliers, local communities and society at large."[65] It further argued for a "global future" and a corporate obligation to "improve the world":

> A company that has a multinational scope of activities not only serves all those stakeholders who are directly engaged, but acts itself as a stakeholder—together with governments and civil society—of our global future. Corporate global citizenship requires a company to harness its core competencies, its entrepreneurship, skills and relevant resources in collaborative efforts with other companies and stakeholders to improve the state of the world.[66]

Despite a generally warm reception from the business community, these updated notions of stakeholder capitalism were subject to criticism as well. Specifically, some observers labelled the Roundtable's stakeholderism as corporate "virtue signaling" or empty rhetoric that would not have teeth when difficult decisions were presented.[67] Scholars from Harvard Law School advocated an outright rejection of the model. They argued that the pursuit of stakeholder value might, in fact, harm society: "[W]e show that embracing stakeholderism could well impose substantial costs on shareholders, stakeholders, and society at large. Stakeholderism would increase the insulation of corporate leaders from shareholders, reduce their accountability, and hurt economic performance."[68]

By 2020 an active debate about the nature of capitalism and the appropriate governance model was unfolding in which companies were searching their corporate souls to answer the question: *Why do we exist*? And relatedly: *What is our responsibility, if any, to society*? While certain companies such as Patagonia and Ben & Jerry's had long prioritized environmental and social issues in public statements, these issues were gaining traction in more traditional industries such as oil and gas, where Royal Dutch Shell and Chevron had recently tied employee compensation to reducing carbon emissions.[69]

Airbnb Embraces the Stakeholder Model

Shortly after Airbnb marked its 10th anniversary in 2018, Chesky penned an open letter to the Airbnb community in which he reflected on the company's proper role in society.[70] He saw a world where trust in institutions was eroding, people were increasingly living in digital bubbles, and society called out for corporations to take greater responsibility.[71] He expressed mindfulness about Airbnb's impact on local communities, and indicated that he wanted Airbnb to help solve society's problems.[72] To demonstrate his commitment, he added "Head of Community" to his CEO title.[73]

Chesky bemoaned the pressure to focus on short-term financial interests at the expense of society. Instead, he envisioned Airbnb as a 21st-century company, one that would have an "infinite time horizon" and serve all of its stakeholders along the way.[74] He expounded, "We think that a company should survive to see the next century, not just the next quarter…A 21st-century company should eventually become a 22nd-century company. By having an infinite time horizon, a company could be more audacious, take more responsibility…, and create more lasting change."[75]

Chesky acknowledged that while the company had grown significantly, it was still young enough that "the cement had not yet hardened," and he wanted to institutionalize his and his cofounders' intentions for the company while there was still an opportunity to make changes.[76] To them, the purpose of a company was more than fulfilling its vision. Indeed, its purpose was to also ensure that its vision was good for society, which translated to explicitly keeping in mind the interests of three stakeholder groups: the company (its employees and shareholders), the Airbnb community (guests and hosts), and the world.[77] The letter continued:

> To be a 21st-century company, we must find harmony between these stakeholders. For example, Airbnb the company must remain values-led, leading with boldness and compassion, while also building a highly valuable business. Airbnb must treat hosts in

> our community as partners and make guests feel like they belong. All the while, Airbnb must serve and strengthen local communities, while expanding diversity and acceptance in the world. Serving stakeholders means being honest about where we need to improve because we know we are far from perfect. One area we are focused on is making sure that, in markets that are significantly housing constrained, the Airbnb community is helping people stay in their homes and share their communities and not negatively impacting housing.[78]

One of the first concrete steps toward realizing the broader stakeholder model was to elect the company's first independent director, American Express CEO Ken Chenault. Having run a trust-based company, Chenault was philosophically aligned with Airbnb's vision and objectives. He stated, "I think corporations exist because society allows us to exist. Corporations are not entitled to exist. So I think we have a responsibility and an obligation to help improve society."[79] Over the next several months, the leadership team and board were expanded to include people focused on a broader group of stakeholders and a longer time horizon. When Belinda Johnson was promoted from Chief Business Affairs and Legal Officer to COO, Chesky noted her concern for and support of all stakeholders as a reason for her selection.[80] When former Alphabet and Netflix Audit Committee Chair Ann Mathers joined as the second independent director, she praised the company for being, "a different kind of company, one that can leave a lasting and positive impact on this world."[81]

Implementing the Stakeholder Model

In January 2020, two years after his initial letter, Chesky wrote an update on the company's work to implement the stakeholder model stating, "We're far from being a perfect company, which is why we want to share what we're doing."[82] He presented the initiative as a "design challenge" that required a five-step roadmap. The first step was to define the five key stakeholders: guests, hosts, communities, shareholders, and employees.[83] The next step was to establish a set of principles for each stakeholder group to help guide decisions and actions. Among the 13 principles were: We make guests feel they belong; We treat our hosts as partners; We strengthen the communities we serve; We will build a highly valuable business; We enable long-term growth and career opportunities."[84] To ensure accountability, Chesky established a set of metrics that were linked to the principles. An early snapshot of the metrics revealed that the company would leverage internal and external data to measure performance and track progress. For example, in monitoring the principle associated with prioritizing the safety of guests, the company would track negative incidents. Their goal was 99.94% of trips with no personal safety incidents, and 99.97% of trips with no property damage claims. For the principle of setting a new standard of sustainable travel associated with the community, the company would measure the carbon footprint of its corporate office as well as that of the travel facilitated by the platform.[85](**Exhibit 4** shows the metrics associated with each stakeholder.)

The third step was to establish corporate governance and compensation practices that would support the principles. Toward that end, they established a new stakeholder committee on the board of directors headed by COO Belinda Johnson. The committee would be responsible for institutionalizing the stakeholder approach. [86] "I don't want to be one of those CEOs to say we're trying to do all this great stuff, but then we treat board meetings exactly like every other board meeting," Chesky said.[87] Next, they created a dedicated team to support these initiatives that was headed by Joe Zadeh, one of the company's first 10 employees and currently the VP of *Experiences*. In recognition of his new role, Zadeh was named the Chief Stakeholder Officer. Along with the governance structure, compensation plans also changed. Employee bonuses were now directly tied to progress on stakeholder metrics. In this way the company said it would give employees greater responsibility for what happened on and off its platform.[88] (**Exhibit 5** shows the key compensation principles and

Exhibit 6 shows the actual performance against key metrics and compensation paid for the second half of 2019.)

The final steps of the blueprint related to reporting on its stakeholder work and sharing the company's progress with the broader community. The fourth step involved the creation of an annual Stakeholder Value Day. While details were scarce, the company committed to "report on its progress, share new company updates, and offer programming designed for all stakeholders,"[89] and indicated that it would be similar to an annual shareholder meeting except that all *stakeholders* would be invited.[90] Finally, to support the global community, the company announced that it would direct $100 million in grants over 10 years to local communities in which its hosts resided. A panel of hosts, guests, and Airbnb leadership would decide on recipients, favoring projects that promoted cultural heritage, economic vitality, and sustainable communities, and that demonstrated clear local impact.[91]

The timing of Chesky's letter dovetailed with growing calls for leadership on social issues. An international survey in 2020 showed that over 90% of respondents felt it was important for CEOs to speak up on social issues and 75% said corporate leaders should drive change rather than waiting for government action.[92] Some people regarded Airbnb's moves as a welcome departure from the hands-off tone of other Silicon Valley firms who typically eschewed responsibility for events that resulted from activity on their platforms. In fact, one private equity investor applauded the letter, "They [Airbnb] get a lot of credit for saying this stuff is important and that they're going to tie compensation to it and weave it into their corporate governance."[93] Another industry observer similarly applauded Chesky's "lofty and ambitious goals" while at the same time wondering if the company was just jumping on the "woke bandwagon" to build up an ethical patina prior to its planned IPO.[94] A *New York Times* columnist, who noted skeptically that Chesky's letter had followed a rash of safety-related incidents at Airbnb properties, questioned how investors, as one of the primary stakeholders, would embrace their "diminished stature within the Airbnb universe."[95] Meanwhile, a *Wall Street Journal* columnist opined that Chesky's stance was, "equivalent to telling companies' owners they aren't as important as they think."[96] While the jury was still out, Wall Street investors might soon have an opportunity to weigh in on the new governance model given the impending IPO.

The COVID-19 Pandemic Strikes

U.S. corporations ended the month of February 2020 on a high. With the economy enjoying an 11-year expansion and unemployment at a 50-year low, stock markets were hitting record levels and confidence was soaring.[97] The arrival of the coronavirus put a sudden stop to the economic boom. One observer remarked that March was "a month unlike anything American business has experienced."[98] As news of rising illness and death spread from China to Europe and then on to the Middle East and eventually the U.S., states instituted lockdowns to stem the spread. As businesses shut down and people "sheltered in place," spending plummeted and layoffs skyrocketed. Business leaders scrambled to adjust to the new reality by cutting discretionary costs, downsizing, procuring vital personal protective equipment, and pleading for government assistance.[99] Within a month, 10 million Americans had lost their jobs and the Dow Jones Industrial Average had fallen by more than 35%.[100]

By the middle of March, everyday life in America—and across the world—had changed dramatically: restaurants, movie theaters, amusement parks, and sporting events were shut, and schools and non-essential businesses shifted to remote video platforms. Anxious citizens hoarded food and household staples, debated the merits of wearing masks, and obsessively refreshed their media feeds, a behavior that came to be known as "doomscrolling." Images of exhausted healthcare workers in protective suits tending to patients struggling to breathe became commonplace. News reporters

profiled anguished family members forced to say farewell to afflicted loved ones over video calls due to restrictions on hospital visits. Essential workers such as cashiers, warehouse personnel, and food processors, desperate for income, reported to workplaces despite concerns about exposure.

In late March 2020, Dr. Anthony Fauci, Director of the National Institute of Allergy and Infectious Disease, projected that Covid-19 would result in a chilling 240,000 deaths in the United States.[101] By late April, there had already been almost 60,000 deaths, with communities of color, the elderly, and those with underlying conditions suffering disproportionately.[102] The popular lexicon grew to include new terms such as "social distancing" (the suggested 6 feet of space to prevent the spread of breath droplets) and "skin hunger" (the craving for human touch when one is shut up at home).

Covid's impact on the travel and hospitality industries was particularly severe. While the Trump administration imposed selective bans on travel into the U.S. from hard-hit regions, the U.S. government issued a warning against international travel for U.S. citizens on March 19. That same day the CEO of Marriott Hotels told his staff on a video call, "Covid-19 is like nothing we have ever seen before…For a company that is 92 years old, that has borne witness to the Great Depression, World War II and many other economic and global crises, that's saying something."[103] Marriott's business was down 75% and the company had furloughed the majority of its employees.[104] Such impacts were felt across the hospitality industry. In a meeting with President Trump, the CEO of Hilton Hotels projected global occupancy rates would fall to 10% (down 90%).[105] The aviation industry was similarly affected with air travel coming to a near standstill with deserted terminals dubbed "zombie airports."[106] United Airlines cut 70% of its flights by the end of March, and those that did fly were at 15% capacity.[107]

One research firm predicted U.S. travel revenue would fall 78% in March and April, and 34% for the full year, resulting in $400 billion in lost travel spending and $910 billion in lost economic output.[108] The same report projected the U.S. economy would lose 5.9 million jobs by the end of April as a result of travel declines in 2020.[109] Data supported these grim predictions: both daily passenger traffic at U.S. airports and miles flown declined by more than 95% between February and April (See **Exhibit 7**).[110] Car trips also fell by as much as 70% in March and April.

In response, many Silicon Valley startups had to pivot from "move fast and break things" to "cut fast and cut deep."[111] Dozens of venture-backed startups were forced to slash their workforces and startups in the travel and hospitality industry suffered more than most. For example, Hipcamp, a start-up reservation system for camping sites, reportedly fired 60% of employees while short-term apartment rental unicorn Sonder fired 400 employees (33%) and TripActions, the $4 billion corporate travel startup, fired almost 300 (~25%) employees.[112] Bay Area consumer technology companies were also forced to undertake painful cuts: in March and April alone, crowdsource review platform Yelp fired 1,000 (17%); ridesharing Lyft fired 982 (17%), and event-booking site Eventbrite fired 500 (45%).[113]

Airbnb Responds to the Growing Crisis

While Airbnb had seen an increase in year-over-year nights and *Experiences* booked on the platform in the first three weeks of 2020, the earliest signs of trouble came in the final week of January when cancellations started to rise in China, the epicenter of the virus. As the number of Covid cases grew and infection spread beyond China, Airbnb released this statement on February 27:

> Airbnb is closely monitoring official news and guidance about the novel coronavirus outbreak in order to support our community of hosts, guests and employees in China and around the world—we are prioritizing their safety and wellbeing…Most importantly, our focus right now is on how we can best support our stakeholders as they are impacted by

this global health challenge, including hosts, guests, employees and the communities in which we operate.[114]

Airbnb's bookings soon began to plummet. The gross number of nights and *Experiences* booked fell by 42% in March and then by 72% in April compared to the prior year (See **Exhibit 8**). Cities that typically saw a jump in stays during major events such as the Boston Marathon, the Kentucky Derby, and the South by Southwest conference in Austin, TX, saw reservations drop by 78%, 42%, and 40%, respectively.[115] These declines had a dramatic impact on Airbnb's operating and financial results. (See **Exhibit 9** for quarterly operating statistics and financial information.) As travel ground to a halt and losses mounted, the prospects for an IPO later that year grew increasingly remote. Chesky lamented, "I was literally drafting the S-1[b] when this [the pandemic] hit."[116]

To address the worsening situation, Chesky and his cofounders instituted nightly Zoom meetings, weekly Sunday board meetings, and daily executive leadership meetings at 9:30am.[117] At the start of the crisis, he created four guiding principles: "Be decisive, preserve cash, act with all stakeholders in mind, and play to win."[118]According to board member Alfred Lim, "Brian [Chesky] set the tone early, opening one such meeting by declaring that our goal in the face of this once-in-a-generation crisis was to make sure that Airbnb would be around for future generations—and to emerge not as villains, but as role models who considered the needs of their communities."[119] Chesky echoed this view in a statement to Reuters: "Airbnb is resilient and built to withstand tough times and we're doing all we can to strengthen our community and our company."[120] Chesky told a *Wall Street Journal* columnist, "There's this crazy idealism that founders have. They've learned to cope with a lot of adversity and have a lot of resilience."[121]

Early Measures

In mid-March, the company experienced 50,000 inquiries regarding reservations in a single day, an unprecedented number. In a blog post describing actions designed to support the community during the pandemic, Airbnb launched a new tool for cancellations and a Help Center with COVID-19 related health information.[122] On March 14, the company announced it would update its Extenuating Circumstances policy to allow guests to cancel reservations and receive full refunds for travel booked before March 14 and occurring before May 31, 2020.[123] In total, these refunds exceeded more than $1 billion.[124] Those refunds represented revenue that hosts would not get, which was especially problematic for the estimated 50% of hosts who relied on rental income to pay their mortgages or rent.[125] To reduce the impact on hosts, Airbnb committed $250 million to reimburse hosts for up to 25% of the funds they would have earned during this period.[126] Long-serving hosts with top hospitality ratings, a group known as "superhosts," were eligible for grants from a new fund to assist with mortgage payments and other life expenses during this period. This $17 million fund was created with contributions from Airbnb's founders ($9 million), employees ($1 million), and investors ($7 million).[127]

Hosts angrily responded to the new cancellation policy. Prior to the policy change, hosts had been able to set their own cancellation policies including the ability to forbid refunds or cancellations. Some hosts complained that the compensation fund was far too little given the circumstances. One longstanding host in Myrtle Beach, South Carolina noted, "They're supposed to be valuing the hosts, but everything is more in favor of the guests."[128] Other hosts responded by suing Airbnb, switching rental platforms, or changing their listings to longer-term rentals.[129]

[b] A prospectus which a company registered with the U.S. Securities and Exchange Commission before going public.

As the discontent grew, Chesky posted a letter to hosts on March 30 which read:

> On March 11, when the World Health Organization declared a pandemic, we were faced with a dilemma. If we allowed guests to cancel and receive a refund, we knew it could have significant consequences on your livelihood. But, we couldn't have guests and hosts feel pressured to put themselves into unsafe situations and create an additional public health hazard. We determined that we had to allow your guests to cancel and receive a full refund—including all our fees. Please know this decision was not a business decision, but based on protecting public health…We have heard from you and know we could have been better partners.[130]

In an attempt to help hosts, Airbnb's leadership wrote a letter to Speaker of the U.S. House of Representatives Nancy Pelosi asking that congressional coronavirus relief efforts such as the disaster loans through the Small Business Administration be extended to short-term property renters.[131] Two weeks later, Chesky released a video for hosts in which he conveyed optimism for the long-term, noting the increase in rental activity in Puerto Rico after the devastation resulting from Hurricane Maria. Whereas there had been 7,700 property managers listing spaces on the island before the hurricane, there were 12,000 four years later. With respect to the pandemic he said, "This storm—no matter how bad it is, no matter how long it goes on—this storm is going to end." He continued, "The last few weeks have been a bit of a wakeup call for us. We know we need to be closer to you…We're going to build things in partnership with you. We really are partners—or at least I want us to be."[132]

In addition to addressing host and guest issues, there was a need to cut costs. Like Uber, Airbnb implemented a hiring freeze in March. Then, in early April, it laid off the majority of its contract workers—more than 500 people—on a Zoom call and cut marketing expenses by $800 million.[133] To further cut costs, the company announced it would not pay bonuses in 2020, and that it was cutting the executive team's pay by 50% for the next six months, suspending pay entirely for the founders, and slashing discretionary expenses.[134]

Then later in April, despite having $4 billion in cash on its books, the company decided to raise additional capital from outside investors.[135] As one might expect, the terms were quite onerous.[136] First, they raised $1 billion of debt with a 5-year maturity from two private equity firms. The interest rate was reportedly just over 10% and investors also received warrants to buy 7.9 million shares based on an $18 billion valuation. According to the *Wall Street Journal*, investors also "extracted verbal commitments from the company to significantly reduce its fixed costs and strengthen its management," an assertion that the company denied.[137] A week later, the company raised an additional $1 billion of debt with a 5-year maturity and an interest rate of 9% from institutional investors.[138] Noted one journalist, "$1 billion is a sexy number if you're the Hollywood version of Sean Parker. But if you're a global company with thousands of employees and a marketplace with millions of listings, $1 billion is…about one quarter's worth of operating expenses." The same article predicted the company could run out of cash within a year, even with the additional funding.[139]

Not all of the pandemic news, however, was bad news. Guests were finding new uses for Airbnb such as using it to relocate to care for relatives, to help with homeschooling, or to work remotely. An Airbnb survey conducted in March 2020, revealed that three out of four guests indicated a preference to stay with their families in an Airbnb listing rather than in a hotel with other people, ostensibly for health reasons.[140] The company acted quickly to pivot to virtual experiences wherever possible. *Airbnb Experiences* were shifted to *Online Experiences* in early April, offering opportunities for virtual travelers to interact with sports personalities, TikTok celebrities, and Broadway actors through video conference technology.[141] In addition, Airbnb sought ways to contribute to local communities. It worked with

partner organizations such as the Ministry of Housing in France, National Health Service in the UK, and a Spanish Doctors Association to launch the *Frontline Stays* in which it waived fees on the first 100,000 listings booked by healthcare workers or others fighting the pandemic.[142]

Difficult Decisions Ahead

By late April, the pressure on Airbnb's leadership team was intense and growing by the day with no end in sight. As losses mounted and the prospects for an IPO dimmed, some investors reportedly wanted to remove Chesky or hire a turnaround specialist to help guide the company through the pandemic.[143] Against this backdrop, the leadership team had to decide how to proceed. Certain actions seemed obvious if one were to consider only one of the firm's five stakeholders. For example, to support shareholders, they could continue to cut costs even further; or to support hosts, they could remove the refund policy thereby allowing them to keep rental deposits. Supporting guests, on the other hand, might mean returning deposits while supporting employees might mean avoiding layoffs or cutting benefits. Surviving the downturn would necessarily require sacrifice, but the questions were which stakeholders would suffer the consequences and how much would each suffer? Alternatively, perhaps the losses could be shared equally, though it was not exactly clear how that would be accomplished. Airbnb had always existed as a delicate balance between its five stakeholders, and ensuring that delicate balance continued during this critical time would indeed be challenging. Difficult decisions would undoubtedly involve pain, but perhaps the process that guided their decisions and the way they implemented them might offset some of the pain.

Chesky recalled thinking, "You're only focused on this moment, and all I try to do is just get to next week…[you tell yourself] I don't need to worry about the next three months, I need to worry about this week and these are the five things I need to do every single day. I have a daily scorecard, not an annual scorecard."[144] By the end of April, it was still not clear how long the pandemic would last or how travel would be impaired. As the virus spread and the death count grew, industry observers began to question the company's viability, pointing to the possibility of a "host apocalypse"[145] and posing the stark question, "Can Airbnb Survive the Coronavirus?"[146] Yet Chesky was characteristically sanguine. He commented, "To manage a crisis, you need to be optimistic and you need to have imagination…Optimism is the most important criteria because the psychology of a leader often becomes the psychology of an organization. If you think you're doomed, you probably are."[147]

The thoughts contained in his 2018 letter provided some guidance at this difficult time: "Short term success is still important so long as it advances your vision…it means that your focus should be on getting to the mountaintop, not the rest stop on the way up the mountain." [148] Indeed, might the mountain-top be the long-term survival of the company? If the company were able to survive the pandemic intact, each of Airbnb's stakeholders would likely prosper. But for the time being, how the company responded and how it balanced the interests of various stakeholders would be a critical, early, and very public test of the stakeholder model. Without a doubt, both advocates for and critics of the stakeholder model would be watching what they did, how they did it, and why.

Exhibit 1 The First Hosts (Brian and Joe)

Brian and Joe, our first hosts.

Source: Airbnb, Inc., IPO Prospectus, Form S-1, 11/16/20, Introduction p. 5, accessed 5/19/21.

Exhibit 2 Economics of the Airbnb Business Model (Dollars)

Host	
Price per night set by host	$100
Host Fees to Airbnb	$3
Total Paid to Host	**$97**
Guest	
Price per night set by host	$100
Guest Fees to Airbnb	$12
Logding Taxes	$4
Total Collected From Guest	**$116**
AirBnB	
Amount Collected	$15
Percentage of Nightly Rate	15%

Source: Airbnb, Inc., IPO Prospectus, Form S-1, 11/16/20, p. 129.

Exhibit 3A Airbnb Income Statement, 2015-2019 (Millions)

	Year Ending Dec. 31				
	2015	**2016**	**2017**	**2018**	**2019**
Revenue	$919	$1,656	$2,562	$3,652	$4,805
Costs and Expenses					
Cost of Revenue	$226	$413	$648	$864	$1,196
Operations and Support	$181	$270	$396	$609	$815
Product Development	$100	$228	$401	$579	$977
Sales and Marketing	$397	$663	$872	$1,101	$1,622
General and Administration	$138	$214	$327	$479	$697
Restructuring Charges	$0	$0	$0	$0	$0
Total Costs & Expenses	**$1,043**	**$1,789**	**$2,643**	**$3,633**	**$5,307**
Income from Operations	**($124)**	**($133)**	**($81)**	**$19**	**($502)**
Interest Income	$4	$12	$32	$67	$86
Interest Expense	($8)	($12)	($16)	($26)	($10)
Other Income (expense)	($3)	($3)	$7	($12)	$14
Income before Inc. Tax	**($131)**	**($136)**	**($59)**	**$47**	**($412)**
Provision for Income Tax	$5	$11	$11	$64	$263
Net loss	**($135)**	**($147)**	**($70)**	**($17)**	**($674)**
Business Metrics					
Nights/Experiences Booked (mil)	72.4	125.7	185.8	250.3	326.9
Gross Booking Value ($B)	$8.1	$13.9	$21.0	$29.4	$38.0
Growth Rates					
Revenue		80%	55%	43%	32%
Nights/Experiences Booked		74%	48%	35%	31%
Profit Margins					
Gross Margin (Rev - Cost of Rev)	75.4%	75.1%	74.7%	76.3%	75.1%
Operating Margins	**(13.5%)**	**(8.0%)**	**(3.2%)**	**0.5%**	**(10.4%)**

Source: Airbnb, Inc., IPO Prospectus, Form S-1, 11/16/20, Financial data on p. 116.

Exhibit 3B Airbnb Balance Sheet Data, 2015-2019 ($ Millions; Does Not Contain all Balance Sheet Items)

	Year Ending Dec. 31				
	2015	**2016**	**2017**	**2018**	**2019**
Cash & Cash Equivalents	$2,025	$2,842	$2,888	$3,329	$3,074
Funds Receivable, amounts held	$881	$1,492	$2,323	$2,305	$3,145
Working Capital	$1,770	$2,380	$2,122	$2,139	$1,328
Total Assets	**$3,108**	**$4,706**	**$6,051**	**$6,613**	**$8,310**
Funds Payable	$881	$1,492	$2,323	$2,305	$3,145
Total Liabilities	$1,249	$2,145	$3,386	$3,899	$4,886
Redeemable Convertible Pref. Stock	$2,283	$3,182	$3,232	$3,232	$3,232
Additional Paid in Capital	$114	$64	$185	$259	$618
Accumulated Deficit	($536)	($683)	($754)	($769)	($1,421)
Total Stockholders' deficit	**($424)**	**($621)**	**($567)**	**($517)**	**($808)**

Source: Airbnb, Inc., IPO Prospectus, Form S-1, 11/16/20, p. 118.

Exhibit 3C Airbnb Statement of Cash Flows, 2015-2019 ($ Millions)

	Year Ending Dec. 31				
	2015	**2016**	**2017**	**2018**	**2019**
Net Cash Provided by Operations	($73)	$115	$251	$596	$223
Purchases of Property & Equipment	($50)	($94)	($100)	($91)	($125)
Free Cash Flow	**($124)**	**$21**	**$151**	**$505**	**$97**
Net Cash Provided by (Used in) Investing	($69)	$23	($789)	($668)	($347)
Net Cash Provided by Financing	$1,505	$815	$673	$141	$85

Source: Airbnb, Inc., IPO Prospectus, Form S-1, 11/16/20, p. 122.

Exhibit 4 Sample Metrics to Track Adherence to Stakeholder Principles

Stakeholders and Principles	Metrics for Serving our Stakholders
Guests ***We prioritize the safety of our community***	1) Number of personal safety incidents and the rates of property damage. > 99.94% of trips had no reported incidents > 99.97 of trips had no Host Guarantee claim over $500. Tracking incidents will help us continue to reduce the number of negative incidents. 2) Percentage of stays where both hosts and guests have a verified idenity > 70% globally as of January 2020 3) Percentatage of listings that are verified: a goal of 100% verification by 12/15/20
Hosts ***We treat our hosts as partners***	1) Survey data evalutating hosts' satisfaction with our customer service and policies. 2) Host tenure on the platform. 3) Number of new hosts who have joined Airbnb. 4) Host earnings over time. In Q4 2019, 53% of hosts earned more sharing their space than they did in the same period during the previous year.
Communities ***We set a new standard for sustainable travel.***	1) We are measuring the carbon footprint of both Airbnb's corporate operations and the carbon footprint of travel facilitated by the Airbnb platform. Measuring our impact informs our efforts to reduce our carbon footprint and set a new standard for sustainable travel.
Shareholders ***We will make long-term strategic decisions.***	1) Financial metrics such as GAAP revenue, EBITDA and Free Cash Flow, as well as key business performance metrics such as Gross Booking Value and Nights and Seats Booked.
Employees ***We champion diversity and belonging.***	1) Analysis of the gender and racial and ethnic diversity of our employees. In 2018, 48.9% of all Airbnb employees were women and 12.3% of US-based employees were under-represented minorities. We are committed to being transparent and making our company more diverse. 2) Survey data examining whether employees feel like they belong and can succeed at Airbnb.

Source: https://news.airbnb.com/serving-all-stakeholders/.

Exhibit 5 Airbnb's Compensation Principles

- **Long-term alignment**. Performance measurement, incentive goals, and individual performance assessments all clearly align with and support our long-term vision and alignment with stakeholders. They encourage a long-term timeframe, while acknowledging the competitive talent market realities.

- **Ownership**. We believe in the power of an owner's mindset. Compensation programs encourage employees and executives to think and act like owners of their work and careers, their responsibility to all stakeholders, and Airbnb.

- **Alignment across stakeholders**. Our program design strives to balance interests and ensure alignment across all stakeholders. We are committed to directly tying short-term cash incentives to our performance against near-term stakeholder priorities. We believe this approach will lead to sustained value for all stakeholders over the long term.

- **Performance culture**. Our pay programs support a culture of accountability and performance through the use of stretch company-based metrics in the short-term cash incentive plan and differentiated annual equity awards based on executive performance and contribution.

- **Pay equity**. We are committed to the principle of pay equity and seek to be a leader on this front. We consistently monitor pay outcomes for any inequities and aggressively address any issues.

- **Competitiveness**. We are fortunate to have a mission that is attractive to a talented and diverse array of leaders. We want executives to come and stay with Airbnb because of our mission. However, we recognize that compensation needs to be compelling and competitive to attract and retain the talent necessary to meet our objectives.

- **Transparency.** We will continue to provide a level of clarity and transparency about our compensation programs, frameworks and outcomes that reinforces our commitment to pay equity, empowers our employees, and fosters belonging.

Source: Airbnb, Inc., IPO Prospectus, Form S-1, 11/16/20, p. 275.

Exhibit 6 Airbnb Management Compensation: Metrics, Weightings, and Payout (2H 2019)

Company Priority	Examples of Metrics Considered	Weighting	Achievement	Payout
Safety	• Improved speed to answer and time to resolution	5.0%	100%	5.0%
AiBnB Platform	• Site availability and downtime minutes • Continued servie-oriented architecture migration	15.0%	80%	12.0%
Public Company Readiness	• Financial reporting consistent with SEC guidelines	7.5%	93%	7.0%
Team Execution	• Recruiting milestones • Diversity priorities	7.5%	100%	7.5%
Home Growth & Quality	• Active booked listings growth • Total nights booked growth	35.0%	81%	28.5%
Experiences Growth & Quality	• Launch of new categories • Seats booked growth	7.5%	100%	7.5%
China Growth & Quality	• Origin nights booked	7.5%	100%	7.5%
Profitability	• 2019 Adjusted EBITDA[1] performance relative to outlook as of June 30, 2019	15.0%	0% [2]	0.0%
Total		**100.0%**		**75.0%**

Source: Airbnb, Inc., IPO Prospectus, Form S-1, 11/16/20, pp. 272.

Notes: (1) Adjusted EBITDA is calculated as: net income or loss adjusted for (i) provision for income taxes; (ii) interest income, interest expense, and other income (expense), net; (iii) depreciation and amortization; (iv) stock-based compensation expense; and (v) net changes to the reserves for lodging taxes for which management believes it is probable that we may be held jointly liable with hosts for collecting and remitting such taxes.

(2) Adjusted EBITDA achieved for 2019 was ($253.3) million, which was below the Adjusted EBITDA outlook as of June 30, 2019.

Exhibit 7 Weekly Travel Statistics in the United States, 2019-2020

Week Ending	Number of Car Trips Change from 2019 to 2020	Daily TSA Screenings Number of People (000)		
		2020	2019	Change
1/4/2020	20%			
1/11/2020	(6%)			
1/18/2020	0%			
1/25/2020	1%			
2/1/2020	3%			
2/8/2020	(3%)			
2/15/2020	0%			
2/22/2020	12%			
2/29/2020	(1%)	2,281	2,301	(1%)
3/7/2020	1%	1,845	2,156	(14%)
3/14/2020	(19%)	1,486	2,275	(35%)
3/21/2020	(55%)	548	2,227	(75%)
3/28/2020	(70%)	184	2,173	(92%)
4/4/2020	(72%)	118	2,012	(94%)
4/11/2020	(70%)	94	2,059	(95%)
4/18/2020	(68%)	97	1,988	(95%)
4/25/2020	(62%)	114	1,990	(94%)

Sources: Casewriter analysis of data from the Arrivalist Daily Travel Index, available at: https://www.arrivalist.com/daily-travel-index/. And data from the Transportation Security Administration (TSA), available at: https://www.tsa.gov/coronavirus/passenger-throughput?page=1 , *both accessed 12/2/20.*

Exhibit 8 Airbnb Monthly Operating Statistics, October 2019 to April 2020

	2019			2020			
	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Gross nights & experiences booked (millions)	30.5	28.3	28.4	38.3	32.8	19.0	8.7
Year-on-Year Change (%)	**31%**	**30%**	**35%**	**25%**	**17%**	**(42%)**	**(72%)**
Cancellations and alterations (millions)	3.9	3.6	3.9	5.0	4.9	23.1	9.4
Net Nights & Experiences booked (millions)	26.6	24.7	24.5	33.3	27.9	(4.1)	(0.7)
Gross Daily Rate ($)	$110	$110	$110	$123	$123	$104	$92
Gross Booking Value bef. Cancellations ($Bil)	$3.4	$3.1	$3.1	$4.7	$4.0	$2.0	$0.8
Gross Booking Value ($Bil)	$3.0	$2.8	$2.8	$4.2	$3.5	($0.9)	($0.5)
Year-on-Year Change (%)	**30%**	**29%**	**35%**	**24%**	**15%**	**(127%)**	**(119%)**

Source: Airbnb, Inc., IPO Prospectus, Form S-1, 11/16/20, pp. 137, 138.

Exhibit 9 Airbnb Quarterly Operating Statistics and Financial Data, 2018 to 2020

	2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Operating Statistics									
Nights & Experiences Booked (mil)	62.2	64.8	65.8	57.5	81.3	83.9	85.9	75.8	57.1
Gross Booking Value ($Bil)	$7.7	$7.7	$7.5	$6.5	$10.0	$9.8	$9.7	$8.5	$6.8
Income Statement ($millions)									
Revenue	$643	$903	$1,265	$841	$839	$1,214	$1,646	$1,107	$842
Costs and Expenses									
Cost of Revenue	$203	$218	$227	$216	$281	$313	$309	$294	$278
Operations & Support	$128	$154	$170	$157	$167	$211	$223	$214	$222
Product Development	$123	$154	$142	$160	$185	$232	$276	$283	$259
Sales and Marketing	$232	$264	$306	$299	$367	$388	$430	$437	$317
General & Admin.	$93	$102	$98	$187	$146	$169	$175	$207	$92
Total Costs & Expenses	**$778**	**$892**	**$944**	**$1,019**	**$1,145**	**$1,314**	**$1,413**	**$1,435**	**$1,167**
Income from Operations	**($135)**	**$11**	**$321**	**($178)**	**($306)**	**($100)**	**$233**	**($328)**	**($325)**
Net Loss	**($146)**	**$10**	**$338**	**($219)**	**($292)**	**($297)**	**$267**	**($352)**	**($341)**
Cash Flow ($millions)									
Adjusted EBITDA (non-GAAP)	($95)	$49	$360	($144)	($248)	($43)	$314	($276)	($334)
Net Cash from (Used by) Operations	$319	$282	$96	($102)	$314	$152	($47)	($196)	($570)
- Purchases of PP&E	($32)	($14)	($21)	($23)	($37)	($31)	($32)	($26)	($16)
= Free Cash Flow	$287	$268	$75	($125)	$277	$121	($78)	($223)	($586)

Source: Airbnb, Inc., IPO Prospectus, Form S-1, 11/16/20, pp. 131, 132, 164, and 168.

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